

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 7168
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
USMISSION USBERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 02628

E.O. 11652: GDS
TAGS: PEPR, GE, US
SUBJECT: US-GDR BILATERAL RELATIONS

1. A RECENT SPATE OF BILATERAL EVENTS, INTERACTIONS, AND DEVELOPMENTS HAS PROVIDED SOME FRESH INSIGHTS ABOUT CURRENT GDR POLICY APPROACHES TOWARD THE UNITED STATES. TAKEN AS A WHOLE, THE GDR'S HANDLING OF SPECIFIC BILATERAL PROGRAMS AND ISSUES SUGGESTS CONTINUING COMMITMENT TO IMPROVEMENT IN RELATIONS WITH THE UNITED STATES WHICH WE VIEW AS A REFLECTION OF THE GDR'S ONGOING DESIRE TO ENHANCE ITS SOVEREIGNTY, REALIZE GAINS FROM TRADE, INCREASE ITS ROLE AND IDENTITY IN THE BROADER INTERNATIONAL COMMUNITY, AND DESIRE TO ACHIEVE CERTAIN SPECIFIC PROGRAMS IN THE U.S. THESE GDR MOTIVATING FACTORS WILL PROVIDE OPPORTUNITIES FOR THE U.S. TO EXPAND OUR PROGRAMS DESIGNED TO ACHIEVE OVERALL U.S. GOALS AND OBJECTIVES AND SERVE SPECIFIC U.S. INTERESTS.

2. WE BELIEVE IN ADDITION THAT ANALYSIS OF THE RECENT
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DEVELOPMENTS SUPPORTS A CONCLUSION THAT ENLARGEMENT OF THE GDR'S STAKE IN RELATIONS WITH THE UNITED STATES, NOTABLY ITS PLANS AND HOPES FOR THE SUCCESS OF THE DRESDEN ART EXHIBIT, AND TO A LESSER DEGREE THE "TECHNICAL DAYS" HAS, ON A MODEST SCALE, PLACED AT OUR DISPOSAL ADDITIONAL TOOLS WITH WHICH TO INFLUENCE GDR BEHAVIOR AND ATTITUDES ON ISSUES OF INTEREST TO US.

3. CULTURAL AND INFORMATION AFFAIRS PROVIDE SOME OF THE
CLEAREST EXAMPLES, WITH THE OPENING OF THE PAUL STRAND
PHOTOGRAPHY EXHIBIT ON MARCH 22 AT THE ALTES MUSEUM MARK-
ING A WELCOME FIRST IN OUR RELATIONS. FOR BASICALLY TWO
SETS OF REASONS, FIRST TO DEMONSTRATE GOOD FAITH AND
INTEREST IN BILATERAL PROGRESS; AND SECOND, TO ENHANCE GDR
INTERNATIONAL PRESTIGE, GDR MEDIA HAVE GIVEN THE EXHIBIT
EXTENSIVE PUBLICITY, THE OPENING COVERED BY GDR RADIO, TV,
AND PRESS, AND HIGH-VISIBILITY PRESS COVERAGE HAVING BEEN
GIVEN AT INTERVALS THEREAFTER. OF POSSIBLY GREATER IMPOR-
TANCE IN TERMS OF THE BILATERAL RELATIONSHIP WAS THE
RESOLUTION ON TERMS ACCEPTABLE TO THE UNITED STATES OF
THE QUESTION OF THE AMBASSADOR'S TITLE ON THE INVITATION
TO THE EXHIBIT OPENING. THAT THE GDR, WITH ITS PRESTIGE
ALREADY ENGAGED WITH THE "AMBASSADOR IN THE GDR" FORMU-
LATION, DROPPED ITS DEMAND IS EXPLAINED MAINLY BY THEIR
INTEREST IN HAVING THE DRESDEN EXHIBIT GO AHEAD AS PLANNED,
A VIVID EXAMPLE OF THE LEVERAGE INHERENT IN A BROADER AND
MORE ACTIVE RELATIONSHIP. ALSO THE GDR DID NOT WISH TO
CREATE DIFFICULTIES IN CONNECTION WITH THE SECOND ANNUAL
MEETING OF THE US-GDR TRADE AND ECONOMIC COUNCIL.

4. "DISTRIBUTION-NETWORK USA" WAS VIEWED BY AN ESTIMATED
84,000 PERSONS AT THE LEIPZIG SPRING FAIR; AND WEST GERMAN
COLLEAGUES HAVE ASSERTED TO THE EMBASSY WITH
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ENTHUSIASTIC ADMIRATION THAT IT WAS THE
ONLY WESTERN EXHIBIT AT THE ENTIRE FAIR WITH GDR PERMISSION
TO HAND OUT LITERATURE (USIS EXHIBITION BROCHURE) IN
UNLIMITED QUANTITIES. SINCE THE WRANGLE IN SPRING 1976,
THERE HAVE BEEN NO FURTHER GDR ATTEMPTS TO INFLUENCE THE
CONTENT OF OUR EXHIBITS, AND FOR THE SECOND YEAR RUNNING
THE GDR SAW FIT TO PRINT PRESIDENT CARTER'S MESSAGE TO
EXHIBIT VISITORS IN THE NATIONAL PRESS, BILLING IT AS A
DIRECT MESSAGE TO THE LEIPZIG FAIR.

5. WHERE LAST FALL THE "STATE AND PARTY" DELEGATION
VISITED AN AMERICAN COMPANY'S BOOTH AT THE FAIR, THIS
SPRING HONECKER, STOPH, SINDERMAN AND HALF THE POLIT-
BURO CALLED ON THE AMBASSADOR ALONE AT THE COMMERCE-
SPONSORED BUSINESS DEVELOPMENT OFFICE. THIS MEETING GOT
THOROUGH COVERAGE IN GDR MEDIA, INCLUDING PRIME-TIME TV
EXPOSURE AND MENTION IN NEWSPAPER COVERAGE OF THE LEADER-
SHIP'S FAIR WALKTHROUGH.

6. SINCE OUR DECISION NOT TO SUPPORT A "U.S. FILM WEEK IN
THE GDR" IN BERLIN, PREPARATIONS HAVE MOVED AHEAD FOR FILM
WEEKS IN THREE CITIES IN THE GDR MAY 18-25; AND EAST

GERMAN OFFICIALS ASSOCIATED WITH THESE EFFORTS HAVE BEEN COOPERATIVE AND APPARENTLY ANXIOUS TO ENSURE A SUCCESSFUL PROGRAM. OTHER EVENTS ON A RELATIVELY FULL CULTURAL DOCKET INCLUDE THE "INDUSTRIAL DESIGN" EXHIBIT TO TAKE PLACE AT THE BAUHAUS IN DESSAU IN MAY; AND A TOUR OF THE COMPOSERS STRING QUARTET TO FIVE CITIES THIS AUTUMN.

6. NOTWITHSTANDING GDR OBJECTIONS ON THE POLICY LEVEL TO "DISCRIMINATORY" TREATMENT UNDER THE TRADE ACT AND THEIR DESIRE FOR A BILATERAL TRADE AGREEMENT, THE GDR HAS TAKEN

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C O N F I D E N T I A L SECTION 02 OF 02 BERLIN 02628

AN INCREASINGLY PRAGMATIC APPROACH ON TRADE MATTERS RECENTLY, ACTIVELY SEEKING TO CULTIVATE U.S. BUSINESS CONTACTS IN PURSUIT OF THE VARIOUS OBJECTIVES THE GDR HAS IN ITS ECONOMIC RELATIONS WITH THE WEST. THE SECOND JOINT MEETING OF THE US-GDR AND GDR-US TRADE AND ECONOMIC COUNCILS WAS HELD MARCH 17-20. THE U.S. MEMBERS, MOST OF WHOM HAVE IMPORTANT BUSINESS INTERESTS IN THE GDR, WERE RECEIVED WARMLY AND SEVERAL MET AFTERWARDS WITH SED (ECONOMICS) SECRETARY MITTAG. FOREIGN TRADE STATE SECRETARY BEIL SAID THE GDR HAS SIGNED \$360 MILLION IN CONTRACTS WITH US-GDR COUNCIL MEMBER FIRMS DURING THE LEIPZIG FAIR, \$250 MILLION OF WHICH ACCOUNTED FOR BY DOW'S TEN-YEAR PROPYLENE OXIDE/PROPYLENE SALES/PURCHASE CONTRACT. A GDR DECISION TO SEEK U.S. SUPPLIERS FOR CAPITAL PLANT BROUGHT OWENS-ILLINOIS TO THE GDR TO DISCUSS COLOR TV PICTURE TUBE MANUFACTURING; AND A NUMBER OF OTHER U.S.

COMPANIES ARE ACTIVELY ENGAGED IN NEGOTIATION OF MULTI-MILLION DOLLAR TRANSACTIONS. IN ADDITION, PREPARATIONS PROCEED APACE FOR A COMMERCE-SPONSORED TECHNICAL SALES SEMINAR ON INDUSTRIAL PROCESS CONTROLS IN JUNE.
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7. IN THE POLITICAL AREA, WHERE THERE IS LESS CONGRUENCE OF GDR WITH U.S. INTERESTS, PROGRESS HAS BEEN LESS MARKED, WITH THE CONSULAR AGREEMENT REMAINING A MAJOR PIECE OF UNFINISHED BUSINESS. FOR THE PRESENT THE TWO SIDES REMAIN SEPARATED WITH THE GDR CONSIDERING THE U.S. LANGUAGE ON THE NATIONALITY ISSUE AS TANTAMOUNT TO QUESTIONING ITS SOVEREIGNTY, CITIZENS AND BORDERS. DESPITE, HOWEVER, THE DISTANCE BETWEEN OUR POSITIONS, AND THE CONSIDERABLE DIFFICULTY OUR MOST RECENT SUGGESTIONS ON THIS QUESTION POSED FOR THE EAST GERMANS, WE HAVE THE FEELING THAT AN EFFORT CONTINUES WITHIN THE GDR POLICY CIRCLES TO DEVISE A SOLUTION. ON ANOTHER DIFFICULT ISSUE, CLAIMS, RECENT TALKS BETWEEN U.S. AND GDR EXPERTS WENT WELL, WITH THE GDR MAKING A STRONG EFFORT TO CREATE A POSITIVE ATMOSPHERE. WHILE THE GDR MADE NO PROMISES OR COMMITMENTS, NEITHER DID THEY REJECT THE PROCEDURE OUTLINED BY THE U.S. SIDE NOR DID THEY CHALLENGE THE LEGAL ASSUMPTIONS ON WHICH THE U.S. CLAIMS COMMISSION WILL OPERATE. AT THE SAME TIME, THERE APPEARS TO HAVE BEEN NO SIGNIFICANT CHANGE FOR THE BETTER OR WORSE IN THE GDR'S HANDLING OF HUMANITARIAN CASES INVOLVING U.S. CITIZENS.

8. TAKEN TOGETHER, GDR ACTIONS IN RECENT MONTHS ON ISSUES OF INTEREST TO US REVEAL A PATTERN OF CONSISTENT EFFORT TO SIGNAL GDR INTEREST IN IMPROVED RELATIONS, OR AT A MINIMUM, TO AVOID ACTIONS WHICH MIGHT BE INTERPRETED AS DISINTEREST IN SUCH IMPROVEMENT. IT IS NOTEWORTHY THAT THIS EAST GERMAN OFFENSIVE CONTINUES DESPITE APPARENT SETBACKS AND AMBIGUITIES IN THE US-USSR RELATIONSHIP, WHICH THE EAST GERMANS HAVE BEEN FRANK IN TELLING US SETS A LIMIT ON HOW FAR THE GDR CAN GO IN BROADENING ITS RELATIONSHIP WITH US. BOLEN
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